

***Delaware Health Resources Board  
First State Orthopaedics Review Committee Meeting Minutes  
Tuesday, March 31, 2015 1:00 PM  
Thomas Collins Building  
Second Floor Conference Room  
540 South DuPont Highway  
Dover, Delaware***

***Review Committee Members Present:***

John Walsh, Chair; Leighann Hinkle; and David Hollen.

***Staff Present:***

Helen Arthur; Marlyn Marvel; Joanna Suder; and Latoya Wright.

***Call to Order and Welcome***

The meeting of the Health Resources Board Review Committee for First State Orthopaedics was called to order at 1:00 p.m. by John Walsh, Review Committee Chair.

***Opening Comments***

Helen Arthur stated that this was an internal meeting to provide an opportunity for the Review Committee to review the application and identify questions for research. The Public Hearing will provide an opportunity for public comments.

Introductions were made around the table for the benefit of the guests.

***Review of First State Orthopaedics Application***

Latoya Wright provided an overview of the Internal Staff Analysis. She stated that the Internal Staff Analysis is the document that she created based on information that the applicant provided in their application. It is similar to what the final report will look like. The report will be used as a baseline in determining if the application meets all seven criteria.

***Review Considerations***

The Review Committee reviewed the following criteria for reviewing the proposal and requested the following information.

**Criterion 1: The relationship of the proposal to the Health Resources Management Plan**

Mr. Walsh asked how far along the discussions have come with Delaware Technical and Community College about establishing a partnership.

Mr. Hollen asked what the required percentage of charity care is. Ms. Hinkle stated that it is two percent of total gross patient revenue.

***Follow up***

The staff will include charity care data from 2009 forward in the chart in the staff analysis. The Review Committee will state the HRMP policy and if applicant meets or does not meet the HRMP policy.

The applicant will be asked to provide more details on how far advanced the partnership is with Delaware Technical and Community College to provide equipment and assist in the education for the Surgical Technology program. They will also be asked what other health related areas are planned.

**Criterion II: The need of the population for the proposed project**

Mr. Walsh stated that the number of Kent County residents treated in New Castle County is one of the reasons being given for the development of an outpatient surgery center in Dover. In 2014 635 patients were treated in the Newark facility. He expressed concern that it might create fiscal problems for the Newark facility if the Kent County residents were moved to a Kent County facility.

Mr. Hollen asked if there is data available on the occupancy or vacancy rates of these types of facilities in Kent County. Ms. Arthur stated that Dr. Allison Shevock has generated the occupancy rate report.

Ms. Wright stated that Health Resources Management Plan (HRMP) has a freestanding surgery center criteria guideline. She has been working with the Office of Health Licensing and Facilities to determine the number of operating rooms and procedure rooms that are in Kent County and she is working with Dr. Shevock to get that information.

***Follow up***

The staff will obtain two to three years of occupancy rate data on free standing surgery centers in all counties. The staff will also obtain the number of existing operating rooms in all three counties.

The applicant will be asked to provide the types of surgeries performed in current facilities and the number of similar surgeries there are in Kent County.

The applicant will be asked where First State Orthopaedic patients are being discharged; i.e., home, inpatient hospital, nursing home, deceased, etc.

The applicant will be asked what hospitals First State Orthopaedic doctors have admitting privileges to. They will be asked where patients are admitted if necessary. They will also be asked to provide the percentages of the in-patient admissions to hospital(s).

The staff will obtain the Delaware population projection of Delaware residents from Dr. Shevock.

Criterion III: The availability of less costly and/or more effective alternatives to the proposal, including alternatives involving the use of resources located outside the state of Delaware.

Mr. Walsh stated that competition is healthy. Part of the concept of the HRMP is that competition can be healthy to a point; however having five hospitals in a 300 person town is probably not cost efficient and in that case competition would not be good for the overall cost of health care. If there is an overabundance of beds and they are not utilized the total cost of health care will rise.

Ms. Arthur stated that, during the presentation at the last meeting, representatives of First State Orthopaedics noted that outside markets for 23 hour care were coming in to offer the service to Delawareans because it was not available in this area. She would be interested in the number of Medicaid clients served and the demographics of the patients being served in those facilities.

***Follow up***

The applicant will be asked to provide the number of Medicaid clients served over the last five years.

The staff will provide the number of Medicaid clients in Delaware.

The staff will try to determine the impact of the proposed facility on Kent County facilities that do not necessarily operate under the 23 hour legislative guidelines.

The staff will determine the number of Free Standing Surgery Center facilities are in each county and how many beds and operating rooms are in each center.

Criterion IV: The relationship of the proposal to the existing health care delivery system.

Mr. Walsh stated that there is a need to know if the physicians and surgeons being recruited are being given admitting privileges to the local hospitals. He asked where the people would go if things go wrong and who would care for them. The advantage of being in a hospital is that there is immediate assistance for any issue; whereas, that might not be the case in a freestanding center.

***Follow up***

The applicant will be asked where the First State Orthopaedics patients are being discharged; i.e. home, inpatient hospital, nursing home, deceased, et.

The applicant will be asked where the First State Orthopaedic doctors have admitting privileges. They will be asked where patients are admitted if they must be admitted.

The staff will explain the differences between the 23 hour facilities versus the others.

Criterion V: The immediate and long term viability of the proposal in terms of the applicant's access to financial, management and other necessary resources.

Mr. Walsh stated that the Internal Staff Analysis states under criterion four that the administrative, financial and clinical management staff from the Newark office will oversee operations in the Dover surgery center.

Mr. Hollen stated that he is sure that they will oversee the operations from the central office but there will be management in place in the Kent County facility.

Mr. Walsh stated that there should be some supervisory people there but from the way they are stating it sounds like most of that operation will be done in Newark as opposed to Kent County.

Ms. Arthur stated that the staff will clarify that and bring the information back to the Review Committee. She remembers them stating they were going to have 15 new employees upon implementation and up to 50 employees at the completion of the project.

Ms. Suder read the definition of a freestanding surgery center per the Office of Health Facilities Licensing and Certification. "A freestanding surgical center means a facility, other than a hospital or the office of a physician, dentist or podiatrist, or professional association thereof, which is maintained and operated for the purpose of providing surgical services and in which the expected duration of services would not exceed 23 hours 59 minutes following an admission."

Ms. Wright clarified that any freestanding surgery center can operate as a 23 hour facility in the state of Delaware. She asked if there is an application process. Ms. Suder stated that there is and they are licensed by the Division of Public Health.

### ***Follow up***

The applicant will be asked to clarify the intended staffing plan and number of jobs provided at the Kent County facility.

### **Criterion VI: The anticipated effect of the proposal on the costs of and charges for health care.**

Mr. Walsh stated that the presentation at the last Health Resources Board meeting included a good explanation of their funding and anticipated expenses.

Ms. Wright stated that the application includes the estimated effect on annual expenses and revenue; however, for the estimated effect on individual charges it simply says "decreased". The staff will request more information on what that means.

Ms. Hinkle stated that the \$3.8 million stated as expenses on page D-6 of the application should be stated as revenue. Mr. Walsh stated that page D-6 indicates that the revenue would exceed the expenses by about \$1.6 million.

Ms. Suder stated that clarification is needed on what "decreased" means.

Ms. Arthur asked if the Review Committee is looking at the cost of and charges for health care not only at this facility but in general. Mr. Walsh stated that is correct. They need to look at the possible impact of this facility on other facilities in the area.

Ms. Suder stated that this would also be a good place to look at charity care, Medicaid and Medicare.

***Follow up***

The applicant will be asked to explain the estimated effect on individual charges decreasing.

The applicant will be asked to provide the First State Orthopaedics payer mix over the last five years; i.e. Medicaid, Medicare, private pay and other.

***Criterion VII: The anticipated effect of the proposal on the quality of health care.***

Mr. Walsh stated that the Review Committee needs to look at the effect on the quality of care, not just at the proposed facility, but on other facilities in Kent County. Much of the information provided is based on the increase in population in Kent County, Northern Sussex County and Southern New Castle County. If that continues he thinks the estimates will be valid; however, it is necessary to consider the possibility that the estimates may be off. That is something that must be considered because underutilized facilities will result in increased health care costs.

Ms. Arthur asked what the source is for the patient satisfaction rate of 95 percent. Ms. Wright stated that it is just stated in the application. Ms. Arthur stated that documentation is needed.

***Follow up***

The applicant will be asked to provide the source documentation for the patient satisfaction rate of 95 percent.

The applicant will be asked to provide an explanation on their participation in the Delaware Health Information Network (DHIN).

The staff will identify the existing requirements for expectation of integrating with DHIN.

***Next Steps***

The staff will consider identifying this application in relation to work of the State Innovation Model (SIM) project.

Participation in the DHIN may be required as a condition.

A public hearing will be held on April 20, 2015 at 1:00 p.m. at the Edgehill Training Center, 43 South DuPont Highway, Dover. A second Review Committee meeting will be scheduled after the public hearing.

***Adjourn***

The meeting adjourned at 2:15 p.m.

***Guests Attending***

Jennifer Anderson  
David Blaeuer  
Michelle Clark  
James Gallagher  
Kristy Hull  
Ray Krett, Jr.  
Jeff Lord  
Bob Macleish

Delaware Surgery Center  
First State Orthopaedics  
Bayhealth  
Morris James  
Delaware Surgery Center  
First State Orthopaedics  
First State Orthopaedics  
Lighthouse Construction, Inc.